



Interim report
01 2024

ZITON A/S
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Highlights of the report

Highlights of Q1 2024

- J/U WIND ENERGY initiated the time charter with Siemens Gamesa at the end of February 2024.
- EBITDA amounted to EUR 9.5m in Q1 2024 compared to EUR 8.7m in Q1 2023. The improvement was due to an increase in revenue reflecting that J/U WIND ENERGY went on time charter with Siemens Gamesa at the end of February 2024, as well as improved contribution from the three smaller vessels due to a stronger market for major component replacements, which was partly offset by one-off income of EUR 0.8m in Q1 2023 for J/U WIND ENTERPRISE.
- The Board of Directors of ZITON has engaged Nomura Greentech to act as financial advisor in reviewing strategic alternatives focused on maximising shareholder value. These alternatives include, among other things, a corporate sale, a business combination or a partnership, while continuing to develop other growth opportunities. There can be no assurance that this strategic review will result in any transaction. ZITON has not set a timetable for completion of the process, and it does not intend to comment further unless a specific transaction is approved by ZITON's Board of Directors and its shareholders, or it is otherwise determined that further disclosure is appropriate or required by law.
- Our KPI guidance for 2024 is unchanged, with the exception of CAPEX, at:
 - **Weighted average utilisation rate.** We expect a utilisation rate in the range of 85-95%
 - **EBITDA.** We expect EBITDA to be in the range of EUR 52-56m.
 - **Cash flow from operating activities.** We expect cash flows from operating activities to be in the range of EUR 47-51m. This takes reversal of trade payables related to the upgrade of J/U WIND ENERGY amounting to EUR 6.5m at the end of 2023 into account.
 - **CAPEX.** We expect CAPEX of around EUR 7m excluding CAPEX related to J/U WIND ENERGY. In addition, we

expect CAPEX for J/U WIND ENERGY of approximately EUR 26m (up from EUR 22m due to additional CAPEX required) including CAPEX for leg extension and capitalised interest costs of approximately EUR 2m related to the vessel.

- Beyond 2024, the effect of having J/U WIND ENERGY on time charter with Siemens Gamesa for the full year will positively effect EBITDA. Further, when the time charter for J/U WIND ENTERPRISE was extended it was mutually agreed with Siemens Gamesa that the day rate for J/U WIND ENTERPRISE will increase materially from mid-2025. In summary, the contracted terms of the two long-term time charter contracts with Siemens Gamesa are, almost entirely, expected to enhance running twelve months EBITDA to around EUR 75m from mid-2025.

Information in this report

The information provided in this interim report is submitted in accordance with the Bond Agreements on FRN ZITON A/S EUR 150,000,000 callable bonds 2023/2028 (ISIN N00012928185).

As required under the Bond Agreement, the consolidated financial statements of ZITON A/S are prepared in accordance with IFRS with Euro as the reporting currency.

This report has not been reviewed or audited by the company's auditors.

Disclaimer

This report may contain certain forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which it operates. Although the Company believes that these assumptions were reasonable when made, the statements provided in this report are solely opinions and forecasts which are subject to uncertainty, risks, contingencies and other important factors which are difficult or impossible to predict and are beyond the Company's control. A multitude of factors may cause actual results to differ significantly from any anticipated development expressed or implied in this document. No representation is made that any of these forward-looking statements or forecasts will come to pass or that any forecast result will be achieved, and you are cautioned not to place any undue reliance on any forward-looking statement.

Management Review

Contract developments

Since the publication of the interim report for Q4 2023, the Ørsted contract has been extended from 31 March 2024 until 31 December 2024. Below is an overview of the current contract status.

On 28 April 2023, Siemens Gamesa and ZITON announced a strategic agreement whereby the current time charter agreement for J/U WIND ENTERPRISE was extended by four and a half years while the parties also entered into a new six-year time charter agreement for the jack-up vessel J/U WIND ENERGY, which was purchased in June 2023.

Time charter agreement for J/U WIND ENTERPRISE

The current time charter agreement for J/U WIND ENTERPRISE expires on 20 June 2025 as Siemens Gamesa has utilised all of their extension options. The new agreement extends the time charter from 21 June 2025 to 31 December 2029 at more favourable terms, including a higher day rate, reflecting the changes in the market environment since the original time charter was entered into in December 2020. Therefore, the profitability of J/U WIND ENTERPRISE is expected to increase materially from mid-2025. Siemens Gamesa will retain an option for early termination of the contract after 1 January 2027 against a one-off compensation payment.

Time charter agreement for J/U WIND ENERGY

J/U WIND ENERGY went on time charter with Siemens Gamesa at the end of February 2024 with a duration of six years, thus the contract expires in February 2030. For this time charter contract, Siemens Gamesa does not hold any options for early termination. Currently, the vessel has 78m legs which are planned to be extended for the vessel to operate at some of the deepest locations of current and future offshore wind turbines installed by Siemens Gamesa. The leg extension is expected to be completed during 2024.

As customary for time charter contracts, Siemens Gamesa will pay a fixed time charter rate and pay for variable OPEX-related costs during the tenure of the time charter.

In addition to the Siemens Gamesa contracts, ZITON's current contracts within offshore wind O&M includes:

- On 22 December 2022, RWE and ZITON entered into a strategic agreement which will provide RWE with priority services and quick response to avoid unscheduled downtime on their offshore wind turbines. The framework agreement has a duration of four years and allows RWE to utilise multiple vessels across ZITON's versatile fleet dedicated to O&M services. The agreement involves that RWE makes a minimum annual commitment for utilisation of ZITON's fleet of EUR 10.7m.
- On 1 May 2019, Ørsted and ZITON signed a three-year framework agreement covering nine of Ørsted's offshore wind farms. The contract has been extended and now expires on 31 December 2024.
- On 18 December 2019, Vestas Offshore Wind ("Vestas") and ZITON signed a three-year framework agreement. Discussions are ongoing for an extension and enlargement of the framework agreement. Most of the turbines for which Vestas has jack-up requirements are for their 8+ MW turbines. As J/U WIND ENTERPRISE and J/U WIND ENERGY are time chartered by Siemens Gamesa, we are constrained in our ability to service most of Vestas' larger turbines. ZITON continue to support Vestas' requirements for major component replacement for their below 4 MW turbines.
- From the beginning of 2021, Vattenfall completed a tender to service both smaller and larger 8+ MW turbines, where ZITON was selected second supplier with a four year framework agreement. It means that if the first supplier declines to carry out a specific component exchange, ZITON can take on the task. Under this contract ZITON continues to perform major component replacements for Vattenfall.

Market activity

The activity level for regular major component replacements showed strong growth in Q1 2024 compared to the same quarter the year before. The growth was in particular seen in the below 6 MW segment. Our analysis shows that the increase is driven by turbines reaching an age of 6-10 years and beyond, where wear and tear increasingly set in and drive an increase in the need for major component replacements. On average, turbines below 6 MW have an average age of around 12 years and turbines between 6-11 MW have an average age of around 4.5 years. Therefore, the majority of the current market for major component replacements is for turbines below 6 MW which can be serviced by our smaller vessels J/U WIND, J/U WIND PIONEER and J/U WIND SERVER. During the next two to six 2-6 years, we expect the market for 6-11 MW turbines to increase significantly. This market can be serviced by our vessels J/U WIND ENTERPRISE and J/U WIND ENERGY.

In addition, serial defects on major components will further increase the activity level for major component replacements. The market for blade campaigns and other larger major component campaigns is more erratic, and initiation of such larger projects is subject to uncertainty and wider competition.

Vessel operations

J/U WIND ENTERPRISE continues to operate on time charter with Siemens Gamesa with limited off-hire days. J/U WIND ENERGY went on time charter with Siemens Gamesa at the end of February. During Q1 2024, J/U WIND, J/U WIND PIONEER and J/U WIND SERVER mainly operated under framework agreements with RWE, Ørsted, Vattenfall, SSE Renewables and other tenders attained.

Utilisation rates

The weighted average utilisation rate for Q1 2024 was 87%, compared to a utilisation rate of 88% in Q1 2023. It should be noted that utilisation in Q1 2023 was affected by one-off revenue of EUR 0.8m related to the extension of the current time charter contract for J/U WIND ENTERPRISE equivalent to five percentage points in weighted average utilisation.

Our definition of financial utilisation is a simple calculation of “revenue - project related expenses” / “standard day rate for the vessel” x

“no. of days in the period”. We use this definition as many of our projects are offered on a fixed price basis, where neither the day rate nor the number of days used on the projects are fixed. Thus, our utilisation can be higher than 100% due to effective operations when we are able to complete projects in fewer days than expected when we carry out fixed price projects.



Note: The weighted average utilisation rate is calculated as vessel revenue and other operating income deducting project-related expenses during the quarter divided by full utilisation at standard rates of EUR 268k/day (EUR 135k/day until the end of June 2019 and EUR 185k/day until end of February 2024). Each vessel has a different weighting depending on its specifications.

Competitive environment

ZITON is the clear market leader within dedicated O&M services for major component replacements at offshore wind farms. Competitors includes Harren Group, who operates two O&M dedicated jack-up vessels, Gulf Marine Services who have won a O&M time charter tender for Ørsted with a single vessel, and Van Oord who is the first supplier on a four-year framework agreement with Vattenfall and operates two vessels regularly used for O&M. The primary business of most other jack-up vessels is within transport and installation (“T&I”) of new offshore wind farms. From time-to-time T&I vessels are also used for O&M services.

Outlook for 2024 and beyond

The outlook for 2024, is based on the following key assumptions:

- The long-term charter agreement with Siemens Gamesa for J/U WIND ENERGY. The vessel has been upgraded and initiated the time charter at the end of February 2024. The vessel is expected to operate successfully with limited off-hire days. However, in late 2024 the vessel will undergo a leg extension, during which the day rate on the time charter will be reduced.
- The long-term charter agreement with Siemens Gamesa for J/U WIND ENTERPRISE. The

vessel is expected to continue to operate successfully with limited off-hire days.

- The three smaller vessels, servicing the market below 6 MW, will carry out regular major component replacements on framework agreements and other tenders attained.

Our KPI guidance for 2024 is unchanged, with the exception of CAPEX, at:

- **Weighted average utilisation rate.** We expect a utilisation rate in the range of 85-95%.
- **EBITDA.** We expect EBITDA to be in the range of EUR 52-56m.
- **Cash flow from operating activities.** We expect cash flows from operating activities to be in the range of EUR 47-51m. This takes reversal of trade payables related to upgrade of J/U WIND ENERGY amounting to EUR 6.5m at the end of 2023 into account.
- **CAPEX.** We expect CAPEX of around EUR 7m excluding CAPEX related to J/U WIND ENERGY. In addition, we expect CAPEX for J/U WIND ENERGY of approximately EUR 26m (up from EUR 22m due to additional CAPEX required) including CAPEX for leg extension and capitalised interest costs of approximately EUR 2m related to the vessel.

Beyond 2024, the effect of having J/U WIND ENERGY on time charter with Siemens Gamesa for the full year will positively effect EBITDA. Further, when the time charter for J/U WIND ENTERPRISE was extended it was mutually agreed with Siemens Gamesa that the day rate will increase materially from mid-2025. In summary, the contracted terms of the two long-term time charter contracts with Siemens Gamesa are, almost entirely, expected to enhance running twelve months EBITDA to around EUR 75m from mid-2025.

ZITON to explore strategic alternatives

The Board of Directors of ZITON has engaged Nomura Greentech to act as financial advisor in reviewing strategic alternatives focused on maximising shareholder value. These alternatives include, among other things, a corporate sale, a business combination or a partnership, while continuing to develop other growth opportunities. There can be no assurance that this strategic review will result in any transaction. ZITON has not set a timetable for completion of the process, and it does not intend to comment further unless a specific transaction is approved by ZITON's Board of Directors and its shareholders, or it is otherwise determined that further disclosure is appropriate or required by law.

Risks and uncertainties

ZITON A/S is exposed to various risks that may be of significance to the company's future operations, results and financial position. For a description of ZITON A/S' risks, please refer to the Risk Management section on pages 50-52 and note 4.1 "Risk management" on page 106-107 of the 2023 annual report.

Financial Review**REVIEW OF THE INCOME STATEMENT**

EUR '000	Q1 2024	Q1 2023	Change
Revenue	20,013	16,239	3,774
OPEX and project-related expenses	-8,179	-5,319	-2,860
SG&A	-2,290	-2,236	-54
EBITDA	9,544	8,684	860
Depreciation	-3,914	-2,859	-1,055
EBIT	5,630	5,825	-195
Financials, net	-8,615	-5,746	-2,869
Income before tax	-2,985	79	-3,064
Key ratios			
EBITDA margin	47.7%	53.5%	-5.8%

Review of the income statement for Q1 2024

The consolidated income statement for the ZITON Group shows revenue for Q1 2024 of EUR 20.0m, compared to revenue of EUR 16.2m in Q1 2023, an increase of 23%. The increase in revenue reflects that J/U WIND ENERGY went on time charter at the end of February 2024 as well as strong revenue growth from the three smaller vessels as the market for major component replacements was strong. Revenue from J/U WIND ENTERPRISE was lower as Q1 2023 was positively affected by one-off revenue of EUR 0.8m related to the extension of the current time charter contract.

Vessel OPEX and project-related costs increased by EUR 2.9m from Q1 2023 to Q1 2024. The main reason was OPEX for J/U WIND ENERGY as well as OPEX for providing full-service solutions, which was at a strong level during Q1 2024.

SG&A increased to EUR 2.3m in Q1 2024 from EUR 2.2m in Q1 2023 mainly due to the employment of additional personnel to manage the operations of J/U WIND ENERGY.

EBITDA amounted to EUR 9.5m in Q1 2024 compared to EUR 8.7m in Q1 2023. The improvement was due to an increase in revenue reflecting that J/U WIND ENERGY went on time charter with Siemens Gamesa as well as improved contribution from the three smaller vessels due to a stronger market for major component replacements, which was partly offset by one-off income of EUR 0.8m in Q1 2023 for J/U WIND ENTERPRISE.



Depreciation and impairment was at EUR 3.9m in Q1 2024 compared to EUR 2.9m in Q1 2023. The increase was largely related to depreciation of J/U WIND ENERGY.

Financials, net was an expense of EUR 8.6m in Q1 2024 compared to an expense of EUR 5.7m in Q1 2023. The increased financial costs mainly stemmed from the elevated reference rate (3m EURIBOR) for bonds issued by ZITON, increased debt to finance the purchase of J/U WIND ENERGY as well as higher interest margins on the debt following the refinancing in June 2023.

REVIEW OF THE BALANCE SHEET AT THE END OF Q1 2024

EUR '000	Q1 2024	Q1 2023	Change	Q1 2024	Q4 2023	Change
Assets						
Vessel, including fixtures & equipment	265,693	173,303	92,390	265,693	255,463	10,230
Other non-current assets	216	300	-84	216	231	-15
Non-current assets	265,909	173,603	92,306	265,909	255,694	10,216
Trade and other receivables	22,843	12,212	10,630	22,843	12,662	10,181
Cash and cash equivalents	13,768	5,742	8,026	13,768	37,121	-23,353
Current assets	36,611	17,954	18,657	36,611	49,783	-13,172
Total assets	302,520	191,557	110,963	302,520	305,477	-2,956
Equity and Liabilities						
Equity	16,080	7,046	9,033	16,080	19,072	-2,993
ESG loan	96,228	-	96,228	96,228	96,098	130
Bond loans, second lien	34,296	53,569	-19,273	34,296	32,890	1,407
Bond loans, first lien	144,977	117,287	27,691	144,977	144,502	475
Lease obligations	458	649	-192	458	508	-51
Working capital facility	812	6,450	-5,639	812	-	812
Other liabilities	9,670	6,556	3,115	9,670	12,406	-2,736
Total liabilities	286,441	184,511	101,930	286,441	286,404	37
Total equity and liabilities	302,520	191,557	110,963	302,520	305,477	-2,956

Review of the balance sheet

The total value of the vessels (including fixtures & equipment and leased offices) amounted to EUR 265.7m at the end of Q1 2024. This compares to EUR 255.5m at the end of 2023 and EUR 173.3m at the end of Q1 2023. The increase of EUR 10.2m and EUR 92.4m respectively was mainly due to the purchase of J/U WIND ENERGY in June 2023 and subsequent costs for the upgrade of the vessel.

Trade and other receivables amounted to EUR 22.8m at the end of Q1 2024 compared to EUR 12.7m at the end of 2023. The increase was related to J/U WIND ENTERPRISE initiating the time charter at the end of February 2024, but also an effect of adverse weather during the first months of the year leading to delayed completion of projects and therefore delayed payment. We expect this effect to "normalise" during Q2 2024 and consequently we expected lower trade receivables.

Cash and cash equivalents amounted to EUR 13.8m at the end of Q1 2024 compared to EUR 37.1m at the end of 2023. The reduction in cash was due to a reduction of the deposit on the CAPEX-accounts from EUR 17.5m to EUR 3.0m, as well as higher trade receivables.

Equity was positive at EUR 16.1m at the end of Q1 2024, compared to EUR 19.1m at the end of 2023. The reduction was mainly due to losses during the period. At the end of Q1 2023 equity was at EUR 7.0m, the increase was a consequence of the increase of equity by EUR 15m in June 2023 as part of the refinancing of the company's debt and financing of the purchase of J/U WIND ENERGY.

Bond loans, second lien amounted to EUR 34.3m at the end of Q1 2024 compared to EUR 53.6m at the end of Q1 2023. The change was a consequence of the refinancing in June 2023 whereby the second lien loan was repaid and a new second lien loan of EUR 31.3m was established.

Working capital facility was at EUR 0.8m at the end of Q1 2024 compared to EUR 6.5m at the end of Q1 2023. The reduction was due to the repayment of the second super senior working capital as part of the refinancing in June 2023.

REVIEW OF STATEMENT OF CASH FLOWS

EUR '000	Q1 2024	Q1 2023	Change
EBITDA	9,544	8,684	860
Working capital adjustments	-12,917	-1,129	-11,789
Other adjustments	-87	-6	-81
Income tax expense	-	-	-
Net cash flows from operating activities	-3,460	7,549	-11,010
Financial payments, net	-6,337	-3,206	-3,131
Net cash before investing activities	-9,797	4,344	-14,141
Investing activities	-14,314	-711	-13,603
Net cash flows after investing activities	-24,111	3,633	-27,744
Financing activities	758	-2,498	3,256
Net cash flows after financing activities	-23,353	1,135	-24,488
 <i>Available liquidity</i>	 Q1 2024	 Q4 2023	 Q3 2023
Cash and cash equivalents	16,542	39,902	52,087
Cash on retention account	2,774	2,781	2,741
Liquidity	13,768	37,121	49,346
Available draw on working capital facility	5,909	6,720	6,713
Available liquidity	19,677	43,842	56,059
Amount on CAPEX accounts	-3,042	-17,522	-29,350
Available liquidity (net of CAPEX accounts)	16,635	26,320	26,710
			 Q2 2023
			 Q1 2023
			60,749
			8,210
			2,469
			5,742
			385
			6,127
			n/a
			6,127

Review of the cash flow statement

Cash flows from operating activities were an outflow of EUR 3.5m in Q1 2024 compared to an inflow of EUR 7.5m in Q1 2023. The cash flow is driven by EBITDA and working capital adjustments.

Working capital adjustments amounted to negative EUR 12.9m for Q1 2024 compared to negative EUR 1.1m for Q1 2023. Negative working capital adjustments were related to J/U WIND ENTERPRISE initiating the time charter at the end of February 2024, but also an effect of adverse weather during the first months of the year leading to delayed completion of projects and therefore delayed payments. We expect this effect to "normalise" during Q2 2024 and consequently we expect positive working capital adjustments for trade receivables. Further, trade payables for CAPEX for the upgrade of J/U WIND ENERGY were reduced as the upgrade of the vessel was completed during Q1 2024.

Financial payments, net amounted to EUR 6.3m in Q1 2024 compared to EUR 3.2m in Q1 2023, the increase mainly stemmed from the elevated reference rate (3m EURIBOR) for bonds issued by ZITON, increased debt to finance the purchase of J/U WIND ENERGY and higher margins following the refinancing in June 2023.

Investing activities, net amounted to an outflow of EUR 14.3m in Q1 2024 compared to an outflow of EUR 0.7m in Q1 2023. The increase was mainly due to the upgrade of J/U WIND ENERGY.

Financing activities amounted to a cash inflow of EUR 0.8m in Q1 2024 compared to an outflow of EUR 2.5m in Q1 2023. The inflow in Q1 2024 was mainly related to a draw on the super senior working capital facility.

Available liquidity including available drawings on our working capital facility amounted to EUR 16.6m at the end of Q1 2024, compared to EUR 26.3m available at the end of 2023 and EUR 6.1m at the end of Q1 2023.

Liquidity covenant

The terms of the bonds and loans involves that the only covenant applicable from end of Q2 2023 until Q3 2024, is the covenant of minimum available liquidity of EUR 15m. At the end of Q1 2024, available liquidity, excluding balances on CAPEX-accounts (EUR 3.0m) amounted to EUR 16.6m, thereby exceeding the covenant.

Consolidated financial statements for ZITON A/S

INCOME STATEMENT

EUR '000	Note	Q1 2024	Q1 2023
Revenue	1	20,013	16,239
Project-related expenses		-593	-195
Operational expenses		-7,586	-5,124
Gross profit		11,834	10,920
Administrative expenses		-451	-583
Staff costs, office staff		-1,840	-1,653
EBITDA		9,544	8,684
Depreciation & amortisation		-3,914	-2,859
EBIT		5,630	5,825
Financial income		208	19
Financial expenses		-8,823	-5,765
Income before tax		-2,985	79
Tax on profit (loss)		-1	-1
Income for the year		-2,986	78
<i>Attributable to:</i>			
Owners of ZITON A/S		-2,978	84
Non-controlling interest - Profit/loss		-8	-5
Income for the year		-2,986	78

STATEMENT OF COMPREHENSIVE INCOME

EUR '000	Note	Q1 2024	Q1 2023
Income for the year		-2,986	78
<i>Items that will be reclassified subsequently to the income statement when specific conditions are met:</i>			
Exchange adjustments of foreign entities, net of tax		-7	-1
Total comprehensive income for the year, after tax		-2,993	78
<i>Attributable to:</i>			
Owners of ZITON A/S		-2,985	84
Non-controlling interest - Profit/loss		-8	-5
Total comprehensive income for the year, after tax		-2,993	78

BALANCE SHEET

EUR '000	Note	Q1 2024	Q1 2023	Q4 2023
Assets				
Non-current assets				
Vessel, including fixtures & equipment	2	265,693	173,303	255,463
Intangible assets		177	169	192
Deferred tax asset		39	130	39
Non-current assets		265,909	173,603	255,694
Current assets				
Inventories		214	267	310
Contract assets		666	-	1,717
Trade and other receivables		21,963	11,946	10,635
Cash and cash equivalents		13,768	5,742	37,121
Current assets		36,611	17,954	49,783
Total assets		302,520	191,557	305,477
Equity and Liabilities				
Equity				
Share capital		54	54	54
Reserves		-160	-126	-152
Retained earnings		16,123	6,973	19,101
Total equity attributable to owners of ZITON A/S		16,017	6,902	19,002
Non-controlling interest		62	145	70
Total equity		16,080	7,046	19,072
Liabilities				
Non-current liabilities				
ESG loan		96,228	-	96,098
Bond loans, second lien		34,296	53,569	32,890
Bond loans, first lien		133,316	110,752	136,815
Lease obligations		226	421	276
Total non-current liabilities		264,066	164,742	266,079
Current liabilities				
Bond loans, first lien		11,661	6,534	7,687
Lease obligations		232	229	232
Working capital facility		812	6,450	-
Tax payable		6	-	6
Trade and other payables		7,574	4,693	9,284
Provision for other liabilities		2,090	1,863	3,116
Total current liabilities		22,375	19,769	20,325
Total liabilities		286,441	184,511	286,404
Total equity and liabilities		302,520	191,557	305,477

STATEMENT OF CASH FLOWS

EUR '000	Note	Q1 2024	Q1 2023
Income before tax		-2,985	79
Operating activities			
Adjustments for non-cash items			
Reversal financial expenses, net		8,615	5,746
Depreciation and writedowns of the period		3,914	2,859
Other adjustments		-87	-6
Working capital adjustments			
Change in inventories		96	153
Change in trade receivables		-10,277	-1,869
Change in trade payables		-2,736	587
Income tax expense			
Income tax expense		-	-
Net cash flows from operating activities		-3,460	7,549
Financial payments			
Financial receipts		208	19
Financial payments		-6,545	-3,225
Net cash flows before investing activities		-9,797	4,344
Investing activities			
Purchase of Tangible Fixed Assets		-14,314	-662
Purchase of Intangible Fixed Assets		-	-48
Net cash used in investing activities		-14,314	-711
Financing activities			
Repayments of loans		-	-2,207
Draw on working capital facility		812	111
Cost of capital increase		-	-334
Lease payments		-54	-67
Net cash used/received in financing activities		758	-2,498
Net (decrease)/increase in cash and cash equivalents		-23,353	1,135
Cash and cash equivalents at beginning of period		37,121	4,607
Net cash and cash equivalents at end of period		13,768	5,742

STATEMENT OF CHANGES IN EQUITY

YTD 2024

EUR '000	Share capital	Attributable to owners of ZITON A/S						Non-controlling interests	Total equity
		Translation reserves	Cash flow hedges	Total reserves	Retained earnings	Total			
Balance at 31 December 2023	54	-152	-	-152	19,101	19,002	70	19,072	
Total comprehensive income, after tax	-	-7	-	-7	-2,978	-2,985	-8	-2,993	
Capital injection from parent	-	-	-	-	-	-	-	-	
Share capital reduction	-	-	-	-	-	-	-	-	
Share capital increase	-	-	-	-	-	-	-	-	
Cost of capital increase	-	-	-	-	-	-	-	-	
Other adjustments	-	-	-	-	-	-	-	-	
Balance at YTD	54	-160	-	-160	16,123	16,017	62	16,080	

Share capital

At the end of Q1 2024, the share capital consisted of 400,000 shares of DKK 1 each (EUR 54k). The company has only one class of shares owned by Zappy Topco ApS. Permira Credit Solutions III Sub Master Euro S.à.r.l. is the controlling shareholder of ZITON A/S holding 55% of the voting shares in Zappy Topco ApS.

Reserves

Equity reserves consist of the following:

The translation reserve comprises foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK and translation from the functional currency to the presentation currency.

YTD 2023

EUR '000	Share capital	Attributable to owners of ZITON A/S						Non-controlling interest	Total equity
		Translation reserves	Cash flow hedges	Total reserves	Retained earnings	Total			
Balance at 31 December 2022	54	-125	-	-125	7,225	7,154	150	7,304	
Total comprehensive income, after tax	-	-1	-	-1	84	83	-5	77	
Share capital reduction	-	-	-	-	-	-	-	-	
Cancellation of warrants	-	-	-	-	-	-	-	-	
Share capital increase	-	-	-	-	-	-	-	-	
Cost of capital increase	-	-	-	-	-335	-335	-	-335	
Other adjustment	-	-	-	-	-	-	-	-	
Balance at YTD	54	-126	-	-126	6,973	6,902	145	7,046	

Share capital

At the end of Q1 2023, the share capital consisted of 400,000 shares of DKK 1 each (EUR 54k). In June 2023, Zappy Topco ApS provided a capital contribution to ZITON A/S of EUR 15m.

Note 1 – Revenue

The internal reporting framework used for reporting on revenue and expenses to the Executive Management Team and the Board of Directors has been set up to reflect and report on jack-up vessel, ZITON Contractors A/S and Hangout A/S revenue and expenses. As all jack-up vessels including ZITON Contractors A/S and Hangout A/S operate on similar assignments, management reviews the results of the Group as a whole to assess performance. Thus, there is only one operating segment.

Revenue from customers

The group operates in northern Europe. The geographical distribution of non long-term time charter revenue is based on the country in which the wind farm is located (revenue recognised point in time). For long-term time charter contracts, the geographical distribution is based on the country in which the customer is invoiced (revenue recognised over time).

EUR '000	Q1 2024	Q1 2023
Non long-term time charter (revenue recognised point in time)		
United Kingdom	9,907	6,846
Denmark	3,234	4,025
Netherlands	0	-
Sweden	-	279
Total non long-term time charter	13,141	11,150
Long-term time charter (revenue recognised over time)		
Denmark	6,872	5,089
Total long-term time charter	6,872	5,089
Total revenue	20,013	16,239

During Q1 2024, sales to the largest customers, accounting for more than 10% of revenue, made up 34%, 17%, 13%, 10% and 10% of total revenue (Q1 2023: 28%, 24%, 20%, 15% and 12%).

Leases

Where contracts are identified as a lease (long-term time charter), revenue is recognised over time on a straight-line basis over the term of the lease period.

The amount of revenue stated in the table above for both the current financial year and the comparable financial year include the agreed time charter rates earned during leases. The lease and service components are recognized as revenue under the same pattern of transfer to customers. A separate disclosure of the lease components and the service income components has not been provided as it is impracticable to establish such a disclosure.

Note 2 - Vessels and equipment

Q1 2024 EUR '000	Property	Fixtures & equipment	Vessels	Total
Cost at 1 January 2024	885	5,490	340,681	347,056
Exchange rate adjustments		-4	-224	-228
Additions	-	150	14,158	14,308
Cost YTD	885	5,636	354,616	361,136
Depreciation at 1 January 2024	-597	-1,830	-88,857	-91,284
Exchange rate adjustments	1	2	47	49
Depreciation	-	-125	-3,713	-3,838
Depreciation on leased assets (Right-of-use assets)	-36	-25	-	-61
Depreciation YTD	-632	-1,978	-92,524	-95,134
Impairment losses at 1 January 2024	-	-309	-	-309
Carrying amount YTD	252	3,349	262,092	265,693
Q1 2023 EUR '000	Property	Fixtures & equipment	Vessels	Total
Cost at 1 January 2021	1,121	4,044	251,186	256,351
Exchange rate adjustments	-6	-6	-251	-263
Additions	0	80	582	662
Additions to leased assets (Right-of-use assets)	24	-	-	24
Disposals of leased assets (Right-of-use assets)	-254	-82	-	-336
Cost YTD	886	4,035	251,517	256,438
Depreciation at 1 January 2021	-1,017	-1,602	-78,090	-80,709
Exchange rate adjustments	4	3	-28	-21
Depreciation	0	-82	-2,701	-2,783
Depreciation on leased assets (Right-of-use assets)	-44	-25	-	-69
Disposals of leased assets (Right-of-use assets)	593	68	-	661
Depreciation YTD	-464	-1,638	-80,819	-82,921
Impairment losses at 1 January 2023	-	-214	-	-214
Carrying amount YTD	422	2,183	170,698	173,303

Assessment of impairment of vessels

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In 2023, ZITON realised a loss for the year and as a result, ZITON performed an impairment test. An impairment loss is recognised in the amount by which an asset's carrying amount exceeds its recoverable amount – measured using the higher of the fair value less cost to sell and value in use. An impairment loss is recognised if the higher of the fair value less cost to sell and value in use is less than the carrying amount of the assets. The value in use is calculated as the present value of total expected cash flows during the rest of the vessels' economic lives. This includes any concluded framework agreements and signed charters as well as estimated utilisation and average day rates for the "open charter periods".

- The estimated utilisation is based on the projected future installation of offshore turbines, the average rate at which a turbine needs assistance from a jack-up vessel in the turbine's lifetime, and ZITON's expected market share.
- Average day rates are based on estimated future market prices and/or contracts. Hence, the exact value used to measure impairment charges is subject to some degree of uncertainty and is based on what the company believes is the best estimate of the fair value. The budget used for impairment testing is based on a five-year period, including a terminal period.

Management's assessment of indication of impairment of vessels is based on the cash-generating unit ("CGU") in which all vessels, ZITON Contractors A/S and Hangout A/S are included (jack-up vessel operating segment). An impairment test is carried out based on value in use. The impairment test is performed by estimating the recoverable amount at value in use calculated as the present value of the total expected cash flows during the rest of the vessels' economic lives, a determined WACC of 11.0% (2023: 11.0%) before tax, and a growth rate in the terminal period of 0%. The value in use was estimated to be higher than the carrying amount of EUR 265.7m. Management assesses that the long-term value at the close of the financial period exceeds the carrying amounts, and accordingly, there is no indication of impairment loss.

Note 3 - Commitments and contingencies

Since the end of 2023, no significant changes have occurred to contingent assets and liabilities other than those referred to in the annual report for 2023.

Note 4 - Related party transactions

Since the end of 2023 no significant changes have occurred to related parties or types of transactions with these parties other than what was disclosed in the annual report for 2023.

Note 5 - Subsequent events

Other than the developments disclosed in the review, no significant events have occurred between the end of the quarter and publication of this interim report which materially affect the results for the period or the financial position.

Note 6 – Basis of reporting

Accounting policies

Basis of consolidation

The interim report has been prepared in accordance with the international financial reporting standard IAS 34 on interim reports. No interim report has been prepared for the parent company (ZITON A/S).

The accounting policies adopted in the preparation of the interim report are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023 except for the adoption of new standards effective as of 1 January 2024. The Group has not applied early adoption of any other standard, interpretation or amendment that has been issued but is not yet effective.

Significant estimates and assumptions

Going Concern

During 2019 to 2021, ZITON's balance sheet deteriorated as operational earnings declined as a consequence of blade campaigns that were less profitable than anticipated, and because the vessel fleet was expanded with the purchase of J/U WIND ENTERPRISE, thereby leading to sizeable interest-bearing debt compared to equity and cash flow to service the debt.

In June 2023, completed refinancing of existing debt to simplify and extend its capital structure. Therefore the balance sheet presented in this interim report reflects the strengthening of the capital structure and liquidity of the company following the refinancing.

The debt restructuring includes various elements to provide the company with a long-term sustainable capital structure and significant strengthening of liquidity:

- An extension of maturities of the company's debt to minimum five years. The first lien bonds will hereafter mature on 9 June 2028, ESG-loan on 13 June 2028 and the second lien bonds on 9 December 2028.
- Conversion of EUR 15m of second lien bonds into equity, thereby increasing the company's equity.
- Net liquidity improvement of EUR 13.3m.

Management assesses the entity's ability to continue as a going concern to be met and the consolidated financial statements have therefore been prepared on a going concern basis and no changes to recognition or measurement have been made.

Risks

For a description of the risks ZITON A/S is exposed to, please refer to the Risk Management section on pages 50-52 and note 4.1 "Risk management" on page 106-107 of the 2023 annual report.

Management statement

The Board of Directors and Executive Management have considered and approved the interim report for ZITON A/S for Q1 2024. The interim report has not been audited or reviewed by the company's independent auditors.

The interim report for Q1 2024 has been prepared in accordance with International Financial Reporting Standards and IAS 34 as adopted by the EU, and further disclosure requirements for issuers of bonds listed on the Oslo Stock Exchange.

In our opinion, the interim report gives a true and fair view of the ZITON's assets, liabilities, and financial position at 31 March 2024, and of the results of the ZITON's operations and cash flow from 1 January 2024 to 31 March 2024.

We further consider that the Management review gives a true and fair view of the developments in ZITON's activities and business, the results for the period and of ZITON's financial position as a whole, and a description of the most significant risks and uncertainties which ZITON faces.

Horsens, 31 May 2024

Executive Management

Thorsten Jalk

CEO

Board of Directors

Samuel Martin Gross
Chairman

Jon Oliver Bryce

Lars Rabe Tønnesen

Thorsten Jalk

Jens Michael Haurum

Financial calendar 2024

Interim report Q2 2024 - 28 August 2024

Interim report Q3 2024 - 20 November 2024

Interim report Q4 2024 - 28 February 2025

Annual report 2024 - 30 April 2025

For further information, please contact

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